



Tax Strategy for SMC Pneumatics (U.K.) Ltd

The publication of this statement is in accordance with the statutory requirements under Paragraph 19(2), Schedule 19 of Finance Act 2016. This statement applies to SMC Pneumatics (U.K.) Ltd in the U.K. as of 16th March 2018.

Tax Strategy

SMC Pneumatics (U.K.) Ltd supplies a wide range of products from its facility in Milton Keynes; into the industrial automation market. The Company is consolidated in the financial statements of its parent company, SMC Corporation, which is located in Japan.

Our business activities generate a substantial amount and variety of taxes. We pay Corporation Tax, Employment and other taxes. In addition we collect and pay VAT and Employee taxes.

General provisions

Our taxation policy is fully aligned with both our “SMC Group Ethical and Corporate Principles” and “Group Code of Conduct” policies.

The “SMC Group Ethical and Corporate Principles” policy has 9 principles:

- To comply with laws and rules
- To earn trust from customers and counterparties
- To win the support and understanding of shareholders and investors
- To respect the personality of our company’s employees
- To prohibit discrimination and to create pleasant environment at workplace
- To communicate with society
- To maintain good relationship with Governmental and administrative agencies
- To adequately deal with anti-social forces, groups and any other relevant party
- To work on Environmental issues
- To set corporate ethical structure proactively

Taxation policy

Our Taxation Policy follows the above 9 principles contained within our “SMC Group Ethical and Corporate Principles” policy.

Please refer to the link <http://www.smcworld.com/docs/company/en/> - the SMC Group “Corporate Summary/ Corporate Principles” website. We feel that the group’s corporate values are aligned with the U.K. Company’s tax profile.

The policy requires commitment to abide by relevant tax legislations and practices in the United Kingdom.

Attitude towards tax optimization or planning

The group seeks to be fully compliant with the law. Any tax optimization or tax planning that is undertaken is based on commercial business activity.

The group will not engage in any artificial arrangements conceived for the sole purpose of avoiding, deferring or reducing tax. We will carry out our companies’ activities in compliance with laws and ordinances, regulations and ethical standards.

Tax risk management

Our approach to tax risk is led by our U.K. Board of Directors, which is committed to implementing a low-risk tax profile. Tax decisions are appropriate to and consistent with commercial transactions which have been approved by our U.K. Board of Directors.

Approach towards our dealings with HMRC

SMC Pneumatics (U.K.) Ltd aims to establish and maintain transparent, collaborative and professional relationships with tax authorities including HMRC.

Governance

Tax is part of the finance function of our company and is the ultimate responsibility of the U.K. Board of Directors, with operational responsibility being delegated to the Finance Manager.

Monthly meetings are held between the Managing Director and the Finance Manager to discuss in detail the financial results. Monthly Management Team meetings are also held, where the financial results are discussed in depth with the Senior Management Team.